

2005-06 OPERATING BUDGET OVERVIEW

The Operating budget for fiscal year 2005-06 totals \$158.4 million, with revenues for the year estimated at \$162.4 million. General fund revenues are estimated at \$104.8 million and budgeted expenditures are \$97.2 million.

REVENUE

The following table shows the total operating revenues the City anticipates receiving for 2004-05, as well as those estimated for 2005-06.

REVENUE SUMMARY BY FUND TYPE (in Millions)				
FUND	PROJECTED 2004-05	ESTIMATED 2005-06	\$ CHANGE	0% CHANGE
GENERAL FUND	\$ 99.5	\$ 104.8	\$ 5.3	5%
SPECIAL REVENUE	12.9	9.4	(3.5)	(27%)
ENTERPRISE	32.8	33.4	0.6	2%
INTERNAL SERVICE	11.9	12.3	0.4	3%
REDEVELOPMENT	2.6	2.5	(0.1)	(4%)
TOTAL	\$ 159.7	\$ 162.4	\$ 2.7	2%

Revenue estimates for the Operating budget indicate that the City will receive a total of \$162.4 million, a 2% increase over the prior year. Increases in General fund revenues, mainly property and sales taxes, offset the declines in the other funds. The majority of the decline of \$3.5 million in the Special Revenue funds is due to unscheduled revenue received in 2004-05 in the Housing Trust fund for interest and shared appreciation on loan repayments. More information on the City's revenue sources can be found in the discussion below.

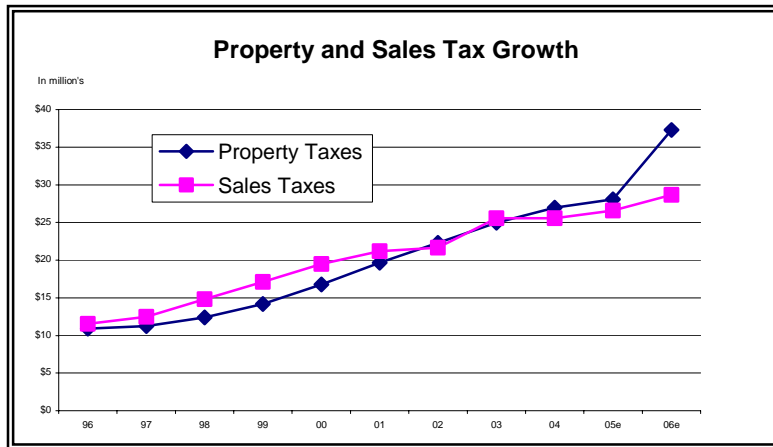
General Fund

General fund revenues provide a representative picture of the local economy. These revenues are of particular interest as they fund basic City services such as police, fire, library, street and park maintenance, and recreation programs. The table below shows a summarized outlook for the major General fund revenues.

SIGNIFICANT GENERAL FUND REVENUES (In Millions)				
FUND	PROJECTED 2004-05	ESTIMATED 2005-06	\$ CHANGE	% CHANGE
PROPERTY TAX	\$ 28.1	\$ 37.3	\$ 9.2	33%
SALES TAX	26.6	28.7	2.1	8%
TRANSIENT OCC. TAX	9.8	10.3	0.5	5 %
FRANCHISE TAXES	5.7	5.3	(0.4)	(7%)
BUSINESS LICENSE TAX	3.0	3.2	.2	7%
DEVELOPMENT REVENUES	6.8	5.7	(1.1)	(16%)
ALL OTHER REVENUE	19.5	14.3	(5.2)	(27%)
TOTAL	\$ 99.5	\$ 104.8	\$ 5.3	5%

This year it is expected that **property taxes** will grow to over \$39 million, a 13% increase over the past year. However, the City will only receive \$37.3 million of that due to the reductions adopted in the 2004-05 State of California's budget. The State's budget required cities, counties and special districts to all "contribute" a portion their property taxes to the State over a two year period to help fund the State's financial shortfalls. To Carlsbad, that meant a \$1.8 million

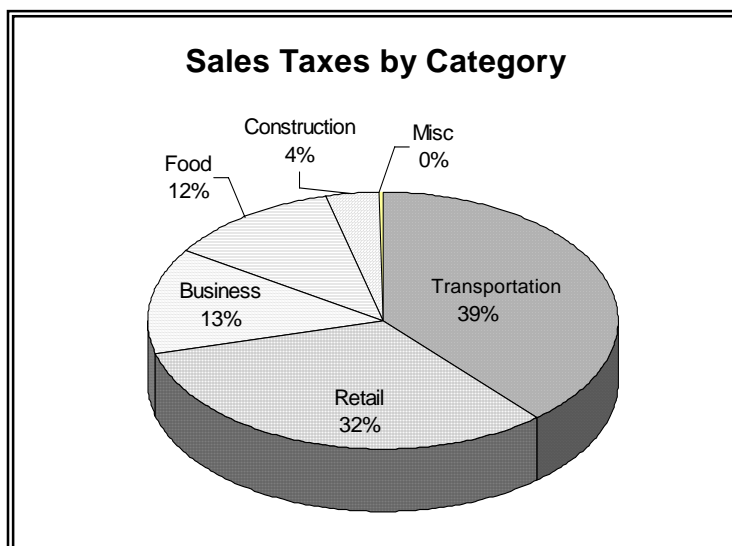
reduction in property taxes for both the 2004-05 and 2005-06 fiscal years – a total loss of \$3.6 million. In addition, the 2004-05 State budget reallocated Property Taxes for Vehicle License Fees (VLF). Thus, instead of receiving \$5 million in VLF, the City now gets additional property taxes in an equal amount. These amounts will grow at the same rate as the City's assessed values. Thus, of the \$9.2 million increase in property taxes, \$3.5 million or 11.6% is due to growth in the assessed value and \$5.7 million is the anticipated VLF-in-lieu for 2005-06.



Property taxes tend to lag behind the rest of the economy, as the tax for the upcoming fiscal year is based on assessed values from the previous January. Thus, the taxes to be received for fiscal year 2005-06 are based on values as of January 1, 2005. Sales taxes react much quicker to changes in the economy and therefore will typically grow faster in a good economy but also drop off faster as the economy cools.

Property taxes also have a cap on how fast they can grow. This is due to Proposition 13. Proposition 13 was adopted by the State in 1978. This proposition limits the growth in assessed values (and thus property taxes) to no more than 2% per year. The value upon which the tax is based is only increased to the full market value upon the sale of the property. Thus, property taxes tend to grow slowly unless there is a significant amount of housing activity. In more recent years, we have seen robust growth in property taxes due to new developments, a large number of resales within the City spurring revaluation of the parcels and double-digit growth in housing prices.

Sales taxes are expected to total \$28.7 million for 2005-06, an increase of 8% over the 2004-05 projections. As can be seen in the accompanying chart, the City's sales tax base is heavily



weighted in the transportation (predominantly new car sales) and retail sectors. These two sectors make up 71% of the City's sales tax base.

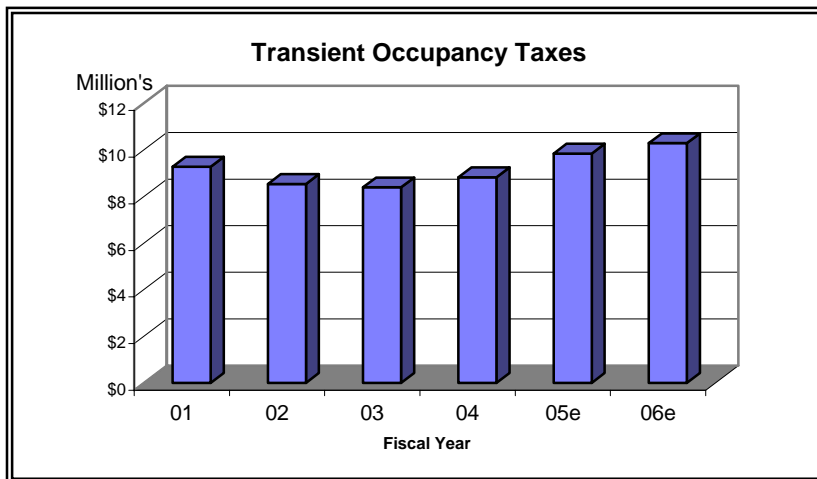
The sales tax projections assume a base increase of 5.6% plus additional amounts for new retail sites locating in the City. The increase would have been closer to 6.5% if not for the implementation of the "Triple Flip" required under the State's 2004-05 budget. The "Triple Flip" is essentially a temporary swap of a ¼ cent of the cities' sales taxes in return for property tax. It was done in order to give the State a revenue

source against which they could issue deficit reduction bonds. The City's sales tax estimates continue to show this amount as sales tax since the amount is reflective of the amount of sales taxes the City would have received. It should have no effect on the ultimate amount of tax revenues but it did result in a delay in the timing of the receipt of the taxes; most noticeably in the first year of the swap (fiscal year 2004-05). Because of this delay between years, sales tax

receipts for FY05 are lower by about \$500,000 causing the increase this year to look higher than the economic reality.

One of the most significant new sites in Carlsbad is a retail center in the southernmost part of the City called The Forum. This center includes approximately 190,000 square feet of retail space as well as restaurants and other commercial uses. The center opened in late 2003 with new tenants continuing to move in.

Sales tax estimates also include approximately \$800,000 that is restricted to spending on public safety services under Proposition 172. Proposition 172 requires that the one-half cent increase in California sales taxes be allocated to local agencies to fund public safety services.

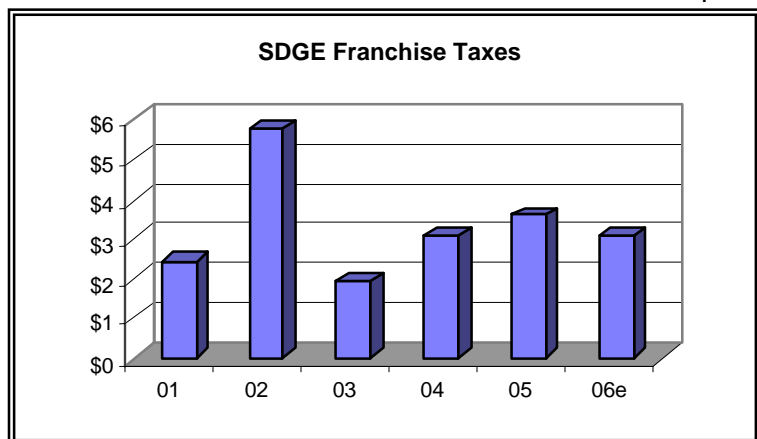


The third highest General fund revenue source is **Transient Occupancy Taxes** (TOT or hotel taxes) estimated at \$10.3 million for 2005-06, an increase of 5% over 2004-05 estimates. TOT declined after the September 2001 terrorism attacks and the mild recession that followed. Compounding the decline for Carlsbad was the renovation occurring at one of Carlsbad's premier resorts, the La Costa Resort and Spa. The resort

underwent extensive remodeling and rebuilding, which offset much of the growth experienced by the other hotels in the City. The remodeling was complete in 2004-05 and tourism has rebounded causing TOT revenues to rise.

It's expected that fiscal year 2004-05 will end the year with about \$9.8 million in TOT receipts, a 12% increase from 2003-04 and topping the previous high of \$9.3 million in FY 2000-01. Growth is expected to moderate going into FY 2005-06 with a 5% increase projected bringing total TOT to \$10.3 million.

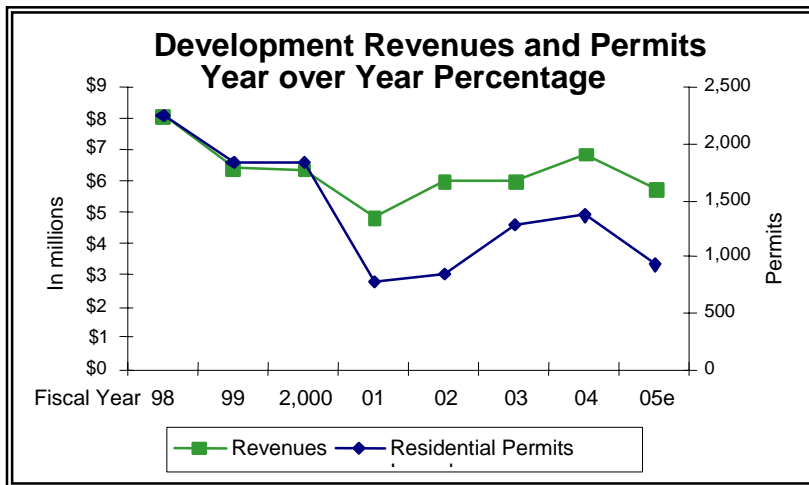
One of the more volatile General fund revenues is the **Franchise tax**. Franchise taxes are paid by certain industries that use the City right-of-way to conduct their business. The City currently has franchise agreements for cable TV service, solid waste services, and gas and electric services. The cable and solid waste franchises have been growing along with the growth in population and changes in their rate structures. These franchise revenues are projected to grow by about 5% to 8% in fiscal year 2005. The large fluctuations in franchise taxes has come from the taxes on gas and electric services, which are paid by San Diego Gas and Electric (SDG&E).



SDG&E pays franchise taxes for the use of the public land over which they transport gas and electricity. The City also receives an "in-lieu" franchise tax based on the value of gas and electricity transported on SDG&E lines but purchased from another source. The "in-lieu" tax

captures the franchise taxes on gas and electricity that is transported using public lands but which would not otherwise be included in the calculations for franchise taxes due to deregulation of the power industry. The majority of the “in-lieu” taxes received is attributable to Cabrillo Power, the operator of the Encina power plant, based on the gas used in the generation of electricity. During the energy crisis in 2000 and 2001, average gas prices soared from about \$3 per thousand cubic feet to, at times, more than \$12 per thousand cubic feet. In addition, the Encina power plant was operating at a much higher capacity. The combination of these two factors resulted in an increase in franchise fees to the City of over 100% in FY01 and FY02 (franchise taxes are paid in April for the previous calendar year). Another price spike occurred in 2003 increasing the FY04 revenues and the high prices continued into FY05. The FY06 forecast shows a decline of 15% from the previous year.

Development-related revenues include planning, engineering and building permits, and fees paid by developers to cover the cost of reviewing and monitoring development activities such as



plan checks and inspections. These revenues are difficult to predict, as many of the planning and engineering activities occur months or years before any structures are actually built.

Development-related revenues declined slowly from the high of 1998, but have picked up in the last few years as several large master-planned projects were developed. For fiscal year 2005-06, permits issued

are expected to decline slightly bringing down the revenue as well. A 15% decline is projected for next year.

Business license taxes are closely tied to the health of the economy and are projected to grow by approximately 5% in the next year to \$3.2 million. There are currently about 8,000 licensed businesses in Carlsbad, with over 2,000 of them based out of the home.

All other revenues include vehicle license fees, transfer taxes, interest earnings, ambulance fees, recreation fees, and other charges and fees. The estimate for fiscal year 2005-06 totals \$14.3 million, a \$5 million decrease from fiscal year 2004-05 caused mainly by the changes in vehicle license fees.

Vehicle License Fees (VLF) are collected by the Department of Motor Vehicles when cars or other vehicles are registered. They are calculated on the estimated value of the vehicle and are distributed to cities and counties mainly based on population. Over the past several years, the State has decreased the VLF paid by taxpayers. This tax break was given in the years when the State was experiencing budget surpluses. Since VLF is a city and county revenue, the State made up the loss of revenue to the cities and counties through what is known as the “backfilling” of the loss with State general fund money. In fiscal year 2004, faced with large deficits, the State stopped backfilling the cities and counties. This resulted in a loss of VLF revenue to Carlsbad of about \$1.5 million. The State has promised to pay back the loss in FY 2006-07. In the FY05 budget, the State also ended the need to backfill by exchanging approximately two-thirds of this revenue source for more property taxes (as noted under the property tax section). Thus, the City is only expecting to receive about \$500,000 annually in VLF from fiscal year 2004-05 forward.

Transfer taxes are those taxes paid to the county upon the transfer of interests in real estate. The tax is 55 cents per \$500 of property value and is split equally between the county and the city. Carlsbad expects to receive \$1.2 million in transfer taxes for FY05 and about the same in FY06. Income from investments and property includes interest earnings as well as rental income from City-owned land and facilities. It is projected to decline slightly due to a combination of higher rates but lower balances. The construction of a Municipal Golf Course will require a loan of approximately \$21 million from the General fund. There is also a need to loan the Median Landscaping fund approximately \$225,000. These are discussed in more detail later in the report. The City earns about \$2.5 million on its General fund investments every year.

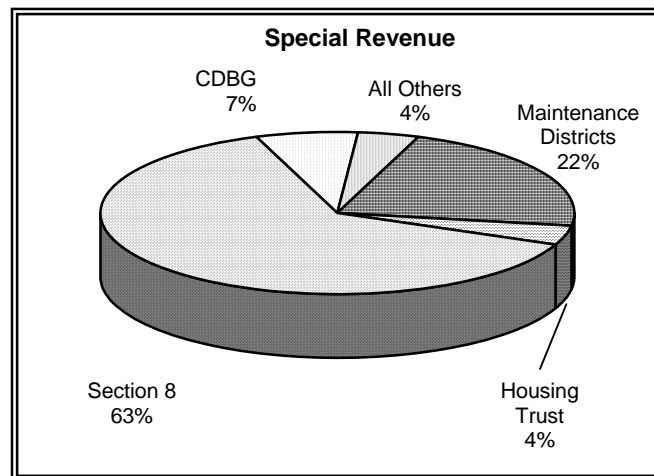
Overall, General fund revenues are expected to grow by about 5%, or \$5 million, in the upcoming year. Most of the growth is coming from the tax revenues: mainly property, sales and TOT. Although the City experienced revenue growth between 9% and 17% in the late 1990's, it was not sustainable growth. Much of those increases were due to the opening of new hotels, restaurants, retail centers, and new home development. As the City matures, it will be increasingly more difficult to produce double-digit growth in revenues. The 5% gain projected for fiscal year 2005-06 is respectable given that the CPI is only expected to grow by 2.4% in 2006. This growth is closer to what may be expected in the future.

Other Funds

Revenues from **Special Revenue** funds are expected to total \$4 million, a \$3 million decrease from 2004-05. The types of programs supported within Special Revenue funds are those funded by specific revenue streams such as:

- Grants (Section 8 Housing Assistance, Community Development Block Grants);
- Donations;
- Special fees and assessments (Housing Trust fund, Maintenance Assessment Districts).

The most noteworthy changes in the Special Revenue funds occurred in three programs: the Section 8 Program, the Housing Trust, and in the Maintenance Districts.



The Section 8 Housing program fund is funded by grants from the US Department of Housing and Urban Development (HUD). Carlsbad expects to receive \$400,000 less this year as a result of a change HUD made in its methodology and cuts to the program at the Federal level.

The Housing Trust fund was set up to provide funding for the City's affordable housing programs. Revenues come from inclusionary housing fees, interest on cash balances, and payments on affordable housing loans. Most affordable housing loans are set up so that interest and/or principal payments are only due when funds are available from the project to make the payments; therefore, they are difficult to predict. For fiscal year 2005, the City expects to receive about \$1.8 million in repayments and \$1.3 million in fees. For fiscal year 2006, only \$135,000 has been estimated for fees and nothing for repayments, as both of these revenue sources are uncertain. Most of the fund's revenue decrease is due to this difference.

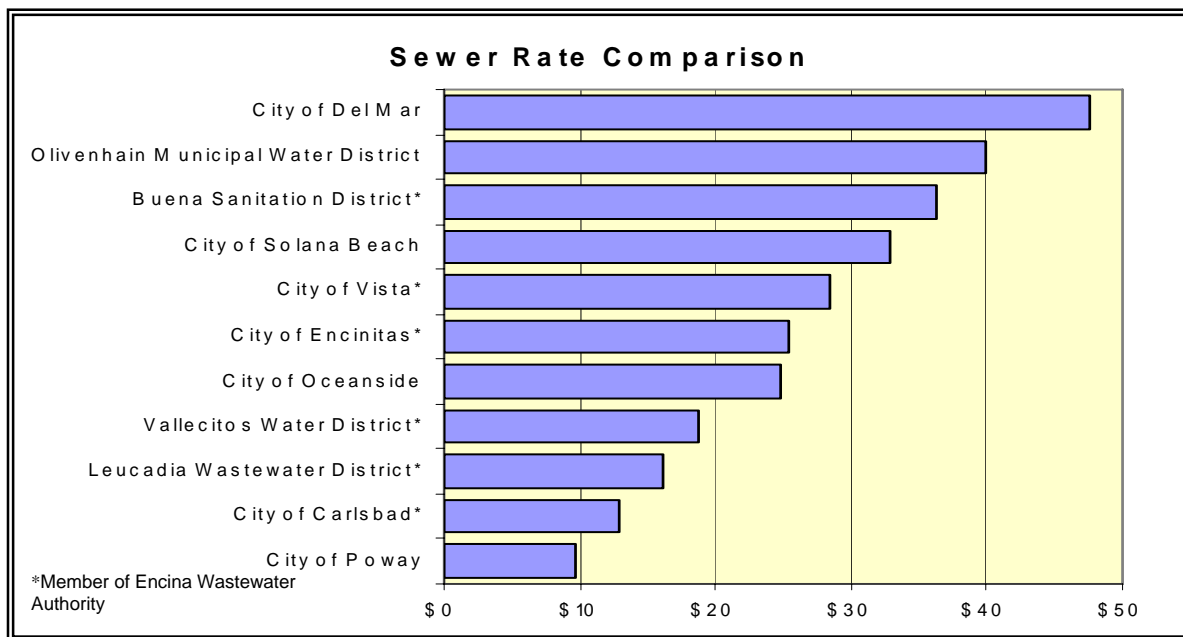
The last area with significant changes is in the Lighting and Landscaping District. This District includes the Trees, Medians and Street Lighting. There is a \$110,000 decline in revenues in the Tree Maintenance fund which is mostly due to an accounting change rather than any real

decrease in funding. In previous years, the fund received payment from the General fund for work done on trees in the City's parks. This year, the expenses are being budgeted in the General fund thus eliminating the need for the payment. Other declines in the District revenues are due to budgeting only for the current year assessments whereas the prior year revenues include the collection of delinquent assessments.

Enterprise fund revenues for 2005-06 are projected at \$33.4 million, up by \$600,000. Enterprise funds are similar to a business in that rates are charged to support the operations that supply the service. Carlsbad Enterprises include the water, recycled water, and sanitation services; solid waste management; and the Carlsbad Golf Course.

The Water Enterprise fund shows an increase of 2% over the previous year. This anticipates another wet year in San Diego. No change in the rate structure is being recommended; although it is likely that one will be needed in the next year or two. The City has not raised the water rates since 1999. The Recycled water revenues are increasing as a result of the opening of the new Carlsbad Recycling Facility. The new facility has the ability to generate 4 million gallons per day of recycled water and will begin operations shortly after the beginning of the new fiscal year.

A rate increase was approved in the Sanitation Enterprise of 4%. This will raise the base residential rate from \$13 to \$13.50 per month. The last rate increase occurred in 1999. The City has been able to hold down the rate increases due to growth in the City (more residences and businesses to spread the fixed charges over) as well as through cost management. Even with the rate increase, Carlsbad's sewer rates are still among the lowest in the region as seen in the Sewer Rate Comparison chart.



A rate increase was also approved in the Solid Waste fund. The Solid Waste fund contains two programs: solid waste management and storm water management. A 6% increase in the residential rate and a 7% increase in the commercial rates are being requested for the solid waste program. The increase will flow through to the solid waste contractor, Coast Waste Management. No increase has been given to the contractor since 1997.

The rate increase for the storm water program is 14 cents per household for a total monthly cost of \$2.09. With these increases the effect on most residential bills will be a total increase of 6% as shown in the table. The rate increases are recommended in order to keep up with the inflationary pressures on the costs of providing the services.

One other change in the solid waste revenues is the reallocation of the non-jurisdictional revenues from the solid waste fund to the pavement management program in the Capital Improvement Program. The non-jurisdictional fees are fees paid by trash haulers for the use of the Palomar Transfer Station, which the City leases from the County. The fees were initially deposited to the Solid Waste fund to enable that fund to purchase the Transfer station if and when the County was ready to sell it. Staff believes that there are now sufficient funds accumulated so the future revenues can be used to pay for the wear and tear of the City's infrastructure as a result of hosting the Transfer Station in Carlsbad.

Summary of Solid Waste Rate Increases				
Residential - Monthly Rates				
	<u>Current</u>	<u>New</u>	<u>Increase</u>	<u>% Increase</u>
Base Rate	\$13.26	\$14.07	\$0.81	6.1%
Storm Water	1.95	2.09	0.14	7.2%
AB939	0.27	0.28	0.02	6.1%
Franchise Fee	0.99	1.06	0.06	6.1%
Total Bill Amount	\$16.47	\$17.50	\$1.04	6.2%

Internal Service funds show estimated revenues of \$12.3 million for 2005-06, an increase of 3.6%, over 2004-05 projections. Internal Service funds provide services within the City itself and include programs such as the self-insurance funds for Workers' Compensation and Liability, as well as Information Technology and Vehicle Maintenance and Replacement. Departments pay for services provided by these funds; therefore, the rates charged for the services are based on the cost to provide the service. The goal of the Internal Service funds is to match their budgeted expenses with charges to the departments after allowing for a certain level of reserves within the fund.

The more significant rate increases occurred in the Workers Compensation fund and Vehicle Maintenance fund. In both of these funds, costs have been escalating greater than inflation over the past year or two. For Worker's Compensation, it has been the cost of the claims. In the Vehicle Maintenance fund, it is mainly due to the cost of fuel. In both of these cases, the rates were increased in order to cover the costs of the programs. More discussion on the costs can be found in the Expenditures section of this report.

Redevelopment revenues are expected to total \$2.5 million in the upcoming year; a 3% decrease over the projections for the previous year. Most of the decrease is the result of reduced assessed values in the South Carlsbad Coastal Redevelopment Area (SCCRA).

The SCCRA was formed in 2000 and is still in the master planning stage. No significant construction has begun. In addition, the SCCRA's highest valued property, the Encina power plant has been declining in value. The Encina power plant is an older facility and due to obsolesces, the State Assessor has been devaluing the plant each year. Based on the latest estimates from the Assessor, the devaluation of the power plant will bring the base value for the SCCRA to below the original value when the redevelopment area was formed. This eliminates all tax increment revenue for the redevelopment area. No tax increment is expected to be generated until additional investments are made in the power plant or significant redevelopment construction begins.

Tax increment in the City's other Redevelopment area (the Village) is expected to increase by 5% to \$2.8 million in fiscal year 2006. As with most property in California, the growth in assessed values (and property taxes) is limited to no more than 2% per year. The assessed

value is only increased to the full market value upon the sale of the property. Unless there is significant resale activity or new development, the increment would not be expected to grow more than 2% per year.

EXPENDITURES



The City's Operating budget for 2005-06 totals \$158.4 million, which represents an increase of \$10.8 million, or 6.8%, from the adopted 2004-05 budget. The changes in each of the City's programs will be discussed fully below.

Budgetary Policies

The theme behind this year's budget policies was "effectively managing today's resources for tomorrow" – to manage our current resources so that we are able to deliver the same quality and level of our services while maintaining a balanced budget for now and into the future. While the forecast shows expectations for a balanced budget in the future, the City also has a large capital program underway which will add additional pressure to the budget. With the inherent risks of a downturn in the economy coupled with the fiscal problems still being worked on at the State level, it is important to keep an eye focused on the future to ensure the City stays in good financial health. To achieve that end, the following policies were set:

- Maintain current service levels.
- No new programs unless already in progress or anticipated in the capital improvement program.
- Identify new revenue generation opportunities
- Carefully review open positions prior to filling
- New positions will be limited to only those necessary to maintain service levels
- New positions will also be considered if overall cost savings can be achieved
- Budget requests for one-time funding to implement specific goals will be considered.
- Generally, be prudent in your budgeting. Consider cost containment measures and budget discretionary items at minimum levels.

The City uses an "Expenditure Control Budget" (ECB) process in budgeting. In the ECB approach, each department is given a block appropriation containing sufficient funds to provide the current level of services for the upcoming year. As Carlsbad is a growing city, the block appropriation should contain sufficient funds to pay for inflationary increases as well as growth in the customer base. Every year the block is increased by an index for growth and inflation. No additional appropriations are expected during the year except in the case of a significant unanticipated event. Any amounts that are unspent at the end of the fiscal year will be carried forward in their entirety to the new fiscal year.

In the 2004-05 Budget, the block portion of the "Expenditure Control Budget" (ECB) was reviewed and brought in line with changes that had occurred in the programs and with efficiencies that were identified during the review. Every program was scrutinized to determine the true cost of providing the services and budgeted at the level deemed necessary to continue to provide the services. In the 2005-06 Budget, we have returned to the ECB process using the fiscal year 2004-05 Budget as the base.

The 2005-06 Budget reflects the following organizational and structural changes, which will continue to contribute to the overall effectiveness of the organization:

- The Disaster Preparedness program was moved from the Fire Department to the Police Department.

- With the decline in activity in the Sister Cities Donation Fund and Arts General Contributions and Gallery Donations Funds it has been decided to have those funds transferred to the Arts Sister City General Fund and the Arts General Funds. This will in no way impact the ability of citizens to donate to these valuable programs, but will improve our internal effectiveness.

Budgeted Expenditures

Through the application of these guidelines and policies, the 2005-06 Operating Budget of \$158.4 million was developed. The 2005-06 Operating budget proposes 14 new full-time employees: 6 of these are due to the opening of new facilities, 3 are to enhance public safety, 1 will be creating and maintaining new trails and 4 are related to a conversion of part-time personnel into full time personnel to improve effectiveness in the Public Works department. The net decrease in hourly staff totaled approximately .46 full-time equivalents (FTE). These changes result in a City workforce of 660 full and three-quarter time employees and 147.47 hourly FTE. The staffing changes in each of the City's programs will be discussed fully below.

Facilities

The City has a large number of major capital projects scheduled to be built over the next five years. As the City completes these projects, the costs of maintaining and operating the facilities are added to the Operating budget. Three new parks are planned to open in 2005-06: Aviara, Hidden Canyon and Pine.

NEW FACILITIES OPENING IN 2005-06				
	Expected Opening	Annual Costs	1st Year Budgeted Costs	FTE
Aviara Park	Summer 2005	\$ 400,000	\$ 370,000	4.10
Hidden Canyon	Fall 2005	130,000	\$ 100,000	0.75
Pine Avenue	Summer 2006	150,000	40,000	1.25
Total Parks/Rec.		\$ 680,000	\$ 510,000	6.10
Recycled Water	Summer 2005	\$ 540,000	\$ 590,000	2.00

The budget includes 4 new full-time Parks personnel and 2.1 new hourly FTE Recreation personnel for a total of 6.1 new positions needed to staff the new parks. The 4 new full-time Parks employees will be maintenance workers required for the up keep of the new parks and the 2.1 new hourly FTE Recreation employees are needed to staff the activities and programs that will be offered at the new parks.

The City will also be expanding the miles of trails available to the public in the upcoming year. Another 8.5 miles of trails will be incorporated into the existing 12.5 miles and enhancements to existing trails will be made at Lake Calavera. The budget adds a full time maintenance worker to this program to work with the large volunteer contingent in keeping the trails in good repair.

A new recycled water facility is also scheduled to open in 2005-06. The facility is located at the site of the Encina Wastewater Facility and will be run mainly through a contract with the Encina Wastewater Authority (EWA) who operates the wastewater facility. This will provide greater efficiency than if the City staffed it with its own personnel. Carlsbad will need to add a water systems operator to read and interpret water devices and calculate and then adjust chemical dosages and a cross-connection control technician to test all the new connections to the recycled system. These connections need to be tested on a regular basis to ensure that the potable water system is not being crossed over into the recycled system.

Public Safety



Public safety has always been, and remains, a top Council priority. After reviewing the current staffing requirements and the population growth in the City, it was evident that there was a need to add new Police personnel to maintain the current service levels in the community.

In 2005-06 two additional Police Corporals will be hired to enhance the department's ability to provide community-oriented policing. This program puts more officers in the community so that they can identify potential problems before they happen and develop long-term solutions when needed. The Police department is also hiring a Crime Analyst to provide data and statistics allowing for increased efficiencies and smarter policing. Lastly, the Police department will be adding 3.42 new hourly FTE school crossing guards. School crossing guards had previously been provided through a contract with a temporary agency. The agency can no longer provide this service and the Police department believe they can save money and provide better quality control by using part-time personnel rather than a temporary agency. The same level of service will be maintained.

The Fire Department will be purchasing and placing into service a new ladder truck in 2005-06. The "Quint" ladder truck will be replacing an existing fire engine. The truck will provide the same functionality as the engine but will also provide the additional 100-foot ladder capability. The new vehicle will provide better service coverage to the citizens of Carlsbad as the City continues towards buildout.

Top Quality Service

One of Council's goals is top-quality service, which means serving our customers well. The City is continuing its efforts to provide the best service to our citizens and customers. There are numerous goals for the 2005-06 fiscal year that investigate potential enhancements to the services we provide.

One new exciting program being researched for this year is the Library's marketplace service approach. The marketplace service approach provides a cozy bookstore-style marketing of collections, consolidation of services and amenities like food and specialty coffee. Another service related goal for 2005-06 is the Development Process Review (DPR) to be conducted in the Community Development Division. The DPR will analyze the planning, building, land use engineering and fire prevention functions to identify potential process improvements, recommend specific actions to correct problem areas and improve operations. The goal is to make the Community Development Division more efficient and user-friendly to the citizens.

The Solid Waste Program will also be providing some new services in the next year. A curbside Household Hazardous (HHW) Collection Program, a Backyard Composting Program and a special collection event were added to the existing program. These new services would offer residents the convenience of having HHW materials collected from their residence, backyard composting training and an event to teach citizens about additional options on disposing of hazardous and electronic waste.

Finally, the City's new Communications Department continues to define its mission and has several goals and programs designed to better disseminate information and teach citizens about the various programs and activities offered in Carlsbad. Examples include a video magazine, citywide calendars, Community Service Guides, the City Stuff Program and the Citizen's Connection and Partnership Survey. City Stuff teaches Carlsbad's children about the various city services and functions of city government. The Citizen's Connection and Partnership Survey will be a mechanism, through community displays and kiosks in city facilities, to identify and evaluate opportunities to create a dialogue between the City and the citizens. The dialogue

will provide the necessary feedback to better manage programs and provide the appropriate services for the citizens.

Increased Efficiencies and Cost Savings

With the emphasis this year on effectively managing resources, several goals will be targeting increasing efficiencies and cost savings. To improve the efficiency of our existing Public Works department 7.59 hourly FTE positions will be converted into 4 new full-time Public Works employees. The full-time employees will experience less turn-over as non-seasonal employees, have the needed expertise and can receive the required training to provide a more consistent level of year-round coverage in maintaining existing parks and facilities. Another goal in the coming year is to review the solid waste needs of the City and identify the types of services and rate structure that best meets the City's residential, commercial and multi-family requirements.

One exciting and potentially substantial cost savings could come from creating a Business Improvement District (BID). A BID is a special district in which the participant pays assessments for certain services to be provided to them. In this case, the idea is to include all hotel properties in the BID and collect a certain amount per room rented. The funds would then be used to promote tourism in Carlsbad. In fiscal year 2004-05, following Council's direction, money was loaned to the Carlsbad Convention and Visitor's Bureau to help fund the creation of a BID. The money will be repaid when the BID is formed and collections begin. Once formed, the BID could reduce the amount of money the City contributes to community promotion, which cost the City over \$500,000 in fiscal year 2004-05.

Lastly, as a cost savings, a hard look was taken at the numbers and types of vehicles being purchased as replacements for the City's current fleet. Each vehicle was reviewed to determine the need for replacement at this time as well as whether the replacement could be a smaller, less costly, more fuel-efficient vehicle without hurting the effectiveness of the program. The results of this review was that of the 58 vehicles that met the replacement criteria outlined in Administrative Order Number 3, only 34 vehicles were selected for replacement. Of the 34 units selected for replacement, 4 vehicles were downsized.



Connecting Community, Place, and Spirit

A new initiative began in 2003 with the ultimate goal of connecting community, place, and spirit. The initiative was kicked off with a conference held in March 2003, which brought together a wide range of community members as well as City staff to begin a collective dialogue about the future.

Based on the community's input and Council's direction, there is a goal included in the 2005-06 Budget to begin the design of the hardscape (place) portion of the vision. The Centre City Gateway project will be developing a land use vision and strategy process for the coastal area near the center of the City. While the heart of the City may always be the Village area, the Gateway area is developing into the nerve center containing the commercial and industrial core of the City. The 2005-06 Operating Budget contains \$100,000 to continue work on the land use planning while the Capital Improvement Program contains funding for the preliminary design of a City/Safety Training facility, a Public Works center and, ultimately, a Civic Center Plaza.

Besides designing the hardscape for the City, the community will be engaged in the continuing dialogue about what the citizen's want and what they can do together to connect community, place and spirit in Carlsbad. An example of this partnership approach to community building could be seen this year in the request from the Boys and Girls Club of Carlsbad for assistance in building their new clubhouse. The Council approved a \$500,000 grant to the Boys and Girls Club for a new clubhouse, with the stipulation that they raise \$4 from the community for every \$1 that the City contributes. In this way, the community is coming together to meet the recreational, educational and athletic needs for all Carlsbad children, ages 6 to 18. The 18,000

2005-06 OPERATING BUDGET OVERVIEW

square foot facility will have a capacity to serve up to 300 children per day and will include a gymnasium, computer center and art room.

Budget by Fund Type

This table below shows the changes in the operating budget for fiscal year 2005-06 compared to the adopted budget for fiscal year 2004-05.

The General fund contains most of the discretionary revenues that finance the basic core of City services. However, this should not diminish the importance of the other operating funds, as they also contribute to the array of services available within Carlsbad. The remainder of this section will provide more information about the budgeted expenditures by fund and program.

BUDGET EXPENDITURE SUMMARY BY FUND TYPE (In Millions)				
FUND	BUDGET 2004-05	BUDGET 2005-06	\$ CHANGE	% CHANGE
GENERAL FUND	\$ 90.5	\$ 97.2	\$ 6.7	7.4%
SPECIAL REVENUE	10.0	10.1	0.1	1.0%
ENTERPRISE	31.6	35.0	3.4	10.8%
INTERNAL SERVICE	13.4	13.9	.5	3.7%
REDEVELOPMENT	2.1	2.2	.1	4.8%
TOTAL	\$ 147.6	\$ 158.4	\$ 10.8	7.3%

General Fund

Total budget for the General fund is \$97.2 million, which is 7.4% more than the previous budget of \$90.5 million. As can be seen in the table above, the increase is mainly due to the increase in personnel costs. Personnel costs make up approximately 66% of the General fund budget therefore any changes in these costs can have a significant effect on the total budget. Personnel costs are projected to increase by 9.1% in 2005-06. Due to labor contracts with our employee groups, much of the cost was previously determined.

This table shows the breakdown of personnel costs for the General fund. Salaries include full and part-time staff costs and account for \$2.1 million of the increase in the General fund.

Approximately \$640,000 of the additional salary costs are for the new positions in 2005/06. Benefits make up the

GENERAL FUND PERSONNEL COSTS				
	BUDGET 2004-05	BUDGET 2005-06	\$ CHANGE	% CHANGE
SALARIES	\$42,408	\$44,523	\$2,114	5.0%
HEALTH INSURANCE	4,593	4,590	(3)	(0.1%)
RETIREMENT	8,646	11,842	3,196	37.0%
WORKERS COMP	1,709	1,894	186	10.9%
OTHER PERSONNEL	1,369	1,196	(174)	(12.7%)
TOTAL	\$58,725	\$64,045	\$5,320	9.1%

remainder of the personnel costs with the largest increase in retirement costs. The City is part of the Public Employees Retirement System (PERS). PERS rates have increased due to the implementation of enhanced benefits as well as the effect of investment losses on the plan. These rates are expected to level off next year provided PERS investments generate a reasonable return. The City has made all required payments under the terms of its retirement plan.

2005-06 OPERATING BUDGET OVERVIEW

M & O stands for Maintenance and Operations. This category contains the budget for all program expenses other than personnel or capital outlay. The City was able to hold down increases in these accounts this year by finding more efficient ways of doing business.

Capital Outlay includes budgeted equipment purchases over \$1,000. Capital outlay over \$10,000 is further detailed in the Appendix. These amounts vary from year to year depending on the program needs.

Transfers are amounts anticipated to be transferred from the General fund to another fund at the City. The transfers included in this year's budget are to the following funds:

GENERAL FUND SUMMARY BY EXPENDITURE TYPE (In Thousands)				
	BUDGET 2004-05	BUDGET 2005-06	\$ CHANGE	% CHANGE
PERSONNEL	\$58,725	\$64,045	\$5,320	9.1%
M & O	25,788	26,705	917	3.6%
CAPITAL OUTLAY	521	796	275	52.8%
TRANSFERS	5,430	5,650	220	4.1%
TOTAL	\$90,464	\$97,196	\$6,732	7.4%

- \$4.2 million to the Infrastructure Replacement fund - for major maintenance and replacement of City infrastructure. It is based on total revenues and increased by \$420,000 for fiscal year 2005-06.
- \$800,000 to the Hosp Grove debt service fund – for debt service on bonds issued to purchase Hosp Grove. Hosp Grove was originally a grove of Eucalyptus trees. It has since been developed into a nature park containing trails and a tot lot.
- \$600,000 transfer to the General Capital Construction fund (in the CIP) to partially fund the Library Learning Center. The Center will be the location of the Adult Learning Center and Centro de Información. It is anticipated that the \$600,000 will be repaid from a donation from the Library Foundation. Last year's budget contained a transfer of \$800,000 to the CIP to fund synthetic turf fields.

Another way of looking at the General fund budget is by program. The chart below compares the recommended 2005-06 budget to the amounts adopted in the previous year. The significant changes are noted below.

GENERAL FUND EXPENDITURES BY MAJOR SERVICE AREAS (In Millions)				
FUND	BUDGET 2004-05	BUDGET 2005-06	\$ CHANGE	% CHANGE
POLICY/LEADERSHIP	\$ 3.7	\$ 4.1	\$ 0.4	10.7%
ADMINISTRATIVE SERVICES	6.0	6.4	0.4	7.7%
PUBLIC SAFETY	33.1	35.5	2.4	7.2%
COMMUNITY DEVELOPMENT	6.3	6.6	0.3	3.7%
COMMUNITY SERVICES	14.8	15.8	1.0	6.9%
PUBLIC WORKS	16.9	18.9	2.0	11.8%
NON-DEPARTMENTAL	7.4	7.6	0.2	-4.6%
CONTINGENCY	2.3	2.3	--	0.0%
TOTAL	\$ 90.5	\$ 97.2	\$ 6.7	6.7%

- The Policy/Leadership Group includes all elected officials and the City Manager's Office. The 10.7% change is mainly due to the increased costs and offerings of the Communications Department discussed earlier.
- There were minimal changes in the total budget for Administrative Services. The increase is due to higher PERS costs and tuition reimbursement costs for the City and reflected in the Human Resources Department.
- The 7.2% growth in Public Safety reflects the new positions in the Police Department as well as the general increases in personnel costs.
- In the Community Development area, the 3.7% increase is due mainly to personnel cost and a Business Process Review (BPR) discussed earlier.
- Community Services includes Recreation, Library and the Arts. The 6.9% increase reflects general personnel increases as well as the additional operating costs of adding three new parks.
- Public Works shows an overall increase of 11.8%. The largest increase is in the Parks Maintenance division, again reflecting the increased operating costs of adding three new parks. The Engineering Division continues to experience increases in costs in both plancheck and inspection. These costs have risen sharply over the past two years due to development activity and it is expected that once development slows down, these costs will also decline.
- Non-departmental expenses include the transfers previously discussed as well as administrative and other expenses not associated with any one department. The decrease is mainly due to the elimination of the amounts paid for community promotion. With the possibility of a Business Improvement District being formed this year, no amounts have been included in the preliminary budget for community promotion. This will be a topic for Council discussion during budget deliberations.
- The Council Contingency account is available to the City Council for unanticipated emergencies or unforeseen program needs during the year. It is budgeted at \$2.3 million, or approximately 2.5% of the 2005-06 General fund budget, which is consistent with the \$2.3 million budgeted in the prior year. During 2004-05, Council has authorized almost all of those funds be spent on emergency repairs on for damages caused by the 2005 storms.

Changes In Other Funds

Special Revenue funds, at \$10.1 million, are essentially flat year over year with a slight increase in street lighting of approximately \$150,000 to replace streetlights that have deteriorated along Carlsbad Boulevard. The COPS Grant has decreased by approximately \$100,000 in 2005/06 reflecting the decreased funding from the State. This program now only supports one Police officer, a decline of one officer from previous years. The Housing Trust fund shows an increase of approximately \$160,000, which is the result of allocating more staff time to the City's housing programs.

Of special note is the Median Maintenance fund. This is a Citywide Landscape Maintenance fund, which collects assessments paid by property owners to pay for the maintenance of the City's medians. Using current budget estimates for maintaining current service levels, staff anticipates that this fund will run short of cash by approximately \$225,000 by the end of fiscal year 2005. A loan from the General fund is included in the budget to cover the shortfall until a solution can be determined. A loan was also necessary last year for \$336,000. A feasibility study is being conducted by an assessment-engineering firm to review alternatives for funding

lighting and landscaping. The assessments in this District cannot be increased without a vote of the property owners.



Enterprise funds total \$35 million, which is an increase of \$3.5 million, or 11%. The most significant change is in the water and recycled water budgets. The increase is due to the new recycled water facility scheduled to open in 2005-06 and the two 2 new full-time Public Works personnel required to staff the recycled water distribution system and help implement the Phase II Recycled Water Program.

The Solid Waste Management fund is requesting a 20% increase, or \$320,000, in funding due to a one-time goal to negotiate a new solid waste contract, a loan repayment and some additional street sweeping costs.

As part of the ongoing financial management program, the City annually prepares five-year forecasts for both the Water and Sanitation funds. The forecast for the Water Enterprise shows that the fund will carry some cash balances forward over the next year as the construction of the water lines related to the recycled water plant are completed. No water rate increases are anticipated for fiscal year 2005-06 but may be needed in the following year. For the Sanitation fund, the forecast shows that a rate increase is necessary and thus, a 4% increase is being recommended as discussed earlier in the revenue section.

The **Internal Service** fund budgets increased by approximately \$450,000, or 3.4%. The Internal Service funds are self-supporting through user charges. Changes occurred in a number of these funds:

- The Workers' Compensation fund budget was increased by \$193,000 due to changes in State law and overall increases in health care costs which have caused workers compensation claims to increase significantly over the past two years. The 2005-06 workers compensation costs are estimated to increase 10% over 2004-05 costs. With these increased costs, a transfer of approximately \$300,000 was made from the City's Health Insurance Fund, which has sufficient balances, to partially cover the increases in workers compensation costs.
- The Health Insurance budget shows a decline of \$72,000 due to the change from the self-insured plan to the CalPERS Health Plan effective July 2003. As of January 2004, all of the claims from the self-insured plan have been settled and this budget only includes dental, vision and life insurance costs.
- The Vehicle Maintenance and Replacement fund budgets vary from year to year depending on the need for vehicle maintenance and replacements. It is budgeted at \$367,000 more than the previous year. A list of the requested vehicle replacements can be found at the end of this document.
- The Information Technology fund shows a decrease in its budget of \$328,000. This is mainly due to decreases in one time capital spending.

The **Redevelopment** Agency budgets have essentially remained at the same levels in 2005-06.



**CITY OF CARLSBAD
OPERATING FUNDS
PROJECTED FUND BALANCES**

FUND	UNRESERVED BALANCE JULY 1, 2004	ESTIMATED REVENUES	ESTIMATED EXPENDITURES	FUND TRANSFERS	PROJECTED BALANCE JUNE 30, 2005
GENERAL FUND	59,352,012	99,542,000	89,747,969	119,987	69,286,010
TRANSFER TO MEDIAN MAINTENANCE				(335,701)	(335,701)
TRANSFER TO VEHICLE REPLACEMENT				(410,000)	(410,000)
TOTAL	59,352,012	99,542,000	89,747,969		68,520,309
SPECIAL REVENUE					
POLICE ASSET FORFEITURE	418,731	56,500	88,795		386,436
COPS GRANT	71,968	140,000	211,968		0
POLICE GRANTS	89,187	17,800	88,200		18,787
HOUSING SECTION 8	441,141	6,252,735	6,409,823		284,053
HOUSING TRUST FUND	9,221,479	3,376,597	3,577,185		9,020,891
LIBRARY ENDOWMENT FUND	19,422	7,000	10,350		16,072
LIBRARY GIFTS/BEQUESTS	104,075	68,000	62,869		109,206
TREE MAINTENANCE	807,839	596,472	872,394		531,917
MEDIAN MAINTENANCE	(138,635)	446,655	715,000	335,701	(71,279)
STREET LIGHTING	1,022,998	922,201	1,124,073		821,128
BUENA VISTA CRK CHNL MNT	849,918	125,000	183,995		790,923
LLD #2	13,413	71,210	41,082		43,541
ARTS SPECIAL EVENTS	24,351	45,300	42,852		26,999
RECREATION DONATIONS	81,525	27,500	13,000		96,025
SENIOR DONATIONS	181,600	17,000	6,000		192,600
CDBG ENTITLEMENT	45,157	626,247	671,404		0
COMMUNITY ACTIVITY GRANTS	1,012,967	36,700	49,600		1,000,067
CULTURAL ARTS PROGRAM	218,483	6,000	15,141		209,322
SISTER CITY DONATIONS	5,881	200	0	(6,081)	0
ARTS GENERAL/GALLERY DONATIONS	109,886	10,000	6,000	(113,886)	0
TOTAL	14,601,346	12,849,117	14,189,531		13,478,666
ENTERPRISE					
WATER OPERATIONS	13,118,191	21,217,546	20,525,157		13,810,580
RECYCLED WATER OPERATIONS	4,264,072	2,220,795	2,206,050		4,278,817
SANITATION OPERATIONS	5,821,365	6,800,000	7,960,745		4,660,620
SOLID WASTE MANAGEMENT	5,828,181	2,525,115	1,635,483		6,717,813
GOLF COURSE	1,794,887	60,000	95,893		1,758,994
TOTAL	30,826,696	32,823,456	32,423,328		31,226,824
INTERNAL SERVICE					
WORKER'S COMP SELF INSURANCE	2,930,498	2,126,512	2,086,026		2,970,984
RISK MANAGEMENT	1,520,680	1,255,000	1,047,883		1,727,797
HEALTH INSURANCE	825,489	850,000	861,000		814,489
VEHICLE MAINTENANCE	113,209	1,722,000	1,860,000		(24,791)
VEHICLE REPLACEMENT	7,429,866	1,712,300	828,000	410,000	8,724,166
INFORMATION TECHNOLOGY	3,589,948	4,250,400	5,400,000		2,440,348
TOTAL	16,409,690	11,916,212	12,082,909		16,652,993
REDEVELOPMENT					
VILLAGE OPERATIONS / DEBT SVC	3,283,245	1,883,054	3,890,472		1,275,827
VILLAGE LOW/MOD INCOME HOUSING	2,157,134	499,500	77,746		2,578,888
SCCRA OPERATIONS / DEBT SVC	810,313	168,622	528,119		450,816
SCCRA LOW/MOD INCOME HOUSING	363,640	60,375	41,934		382,081
TOTAL	6,614,332	2,611,551	4,538,271		4,687,612
TOTAL OPERATING FUNDS	\$127,804,076	\$159,742,336	\$152,982,008	\$0	\$0
					\$134,564,404

**CITY OF CARLSBAD
OPERATING FUNDS
PROJECTED FUND BALANCES**

FUND	PROJECTED BALANCE JULY 1, 2005	ESTIMATED REVENUES	ADOPTED BUDGET	FUND TRANSFERS	RESERVED BALANCES	PROJECTED BALANCE JUNE 30, 2006
GENERAL FUND	68,520,309	104,785,000	97,196,288			76,109,023
TRANSFER TO MEDIAN MAINTENANCE				(225,000)		(225,000)
TRANSFER TO GOLF COURSE FUND				(21,000,000)		(21,000,000)
TOTAL	68,520,309	104,785,000	97,196,288			54,884,023
SPECIAL REVENUE						
POLICE ASSET FORFEITURE	386,436	56,500	89,200			353,736
COPS GRANT	0	135,000	135,000			0
POLICE GRANTS	18,767	0	0			18,767
HOUSING SECTION 8	284,053	5,854,088	5,980,915			157,226
HOUSING TRUST FUND	9,020,891	390,000	417,983			8,992,908
LIBRARY ENDOWMENT FUND	16,072	8,000	12,000			12,072
LIBRARY GIFTS/BEQUESTS	109,206	45,000	0			154,206
TREE MAINTENANCE	531,917	485,515	653,298			364,134
MEDIAN MAINTENANCE	(71,279)	411,187	584,612	225,000		296
STREET LIGHTING	821,126	905,120	1,177,027			549,219
BUENA VISTA CRK CHNL MNT	790,923	127,500	104,600			813,823
LLD #2	43,541	127,839	63,571			107,809
ARTS SPECIAL EVENTS	26,999	35,200	37,446			24,753
RECREATION DONATIONS	96,025	22,500	22,500			96,025
SENIOR DONATIONS	192,600	17,000	170,000			39,600
CDBG ENTITLEMENT	0	691,549	637,549			54,000
COMMUNITY ACTIVITY GRANTS	1,000,067	30,000	30,000		(1,000,000)	67
CULTURAL ARTS PROGRAM	209,322	7,000	28,000			188,322
SISTER CITY DONATIONS	0	0	0			0
ARTS GENERAL DONATIONS	0	0	0			0
TOTAL	13,476,666	9,348,998	10,123,701			11,926,963
ENTERPRISE						
WATER OPERATIONS	13,810,580	21,577,099	22,244,186			13,143,493
RECYCLED WATER OPERATIONS	4,278,817	2,427,329	2,644,807			4,061,339
SANITATION OPERATIONS	4,860,820	7,279,135	7,703,159			4,236,596
SOLID WASTE MANAGEMENT	6,717,813	2,095,857	2,295,447			6,518,023
GOLF COURSE	1,758,994	20,000	125,000			1,653,994
TOTAL	31,226,824	33,399,220	35,012,599			29,613,445
INTERNAL SERVICE						
WORKER'S COMP SELF INSUR	2,970,984	2,295,240	2,416,866	300,000	(2,908,891)	240,467
RISK MANAGEMENT	1,727,797	1,335,000	1,786,631		(580,732)	695,434
HEALTH INSURANCE	814,489	875,000	941,500	(300,000)		447,989
VEHICLE MAINTENANCE	(24,791)	1,919,190	2,069,676			(175,277)
VEHICLE REPLACEMENT	8,724,166	1,772,080	1,995,000		(5,000,000)	3,501,246
INFORMATION TECHNOLOGY	2,440,348	4,150,600	4,682,332		(1,190,000)	718,616
TOTAL	16,652,993	12,347,110	13,892,005			5,428,475
REDEVELOPMENT						
VILLAGE OPERATIONS / DEBT SVC	1,275,827	1,954,054	1,737,357			1,492,524
VILLAGE LOW/MOD INCOME HOUSING	2,578,888	560,000	94,396		(2,651,516)	392,976
SCCRA OPERATIONS / DEBT SVC	450,816	12,000	278,517			184,299
SCCRA LOW/MOD INCOME HOUSING	382,081	8,000	36,917			353,164
TOTAL	4,687,612	2,534,054	2,147,187			2,422,963
TOTAL OPERATING FUNDS	\$134,564,404	\$162,414,382	\$158,371,778	(\$21,000,000)	(\$13,331,139)	\$104,275,869

**CITY OF CARLSBAD
OPERATING FUNDS
REVENUE ESTIMATES**

REVENUE SOURCE	ACTUAL REVENUE 2003-04	PROJECTED REVENUE 2004-05	ESTIMATED REVENUE 2005-06	AS % OF FY 04-05 PROJECTED	DIFFERENCE 2004-05 TO 2005-06
GENERAL FUND					
TAXES					
PROPERTY TAX	\$26,960,253	\$28,074,000	\$37,272,000	32.8%	9,198,000
SALES TAX	25,571,192	26,598,000	28,653,000	7.7%	2,055,000
TRANSIENT TAX	8,813,426	9,836,000	10,279,000	4.5%	443,000
FRANCHISE TAX	5,027,425	5,719,000	5,326,000	-8.9%	(393,000)
BUSINESS LICENSE TAX	2,871,715	3,030,000	3,200,000	5.6%	170,000
TRANSFER TAX	1,587,200	1,230,000	1,231,000	0.1%	1,000
TOTAL TAXES	70,831,211	74,487,000	85,981,000	15.4%	11,474,000
INTERGOVERNMENTAL					
VEHICLE LICENSE FEES	4,124,872	5,449,000	503,000	-90.8%	(4,946,000)
OTHER	1,593,189	1,318,000	1,144,000	-13.2%	(174,000)
TOTAL INTERGOVERNMENTAL	5,717,861	6,767,000	1,647,000	-75.7%	(5,120,000)
LICENSES AND PERMITS					
BUILDING PERMITS	1,282,126	1,800,000	1,650,000	-8.3%	(150,000)
OTHER LICENSES & PERMITS	1,046,398	1,200,000	1,100,000	-8.3%	(100,000)
TOTAL LICENSES & PERMITS	2,328,524	3,000,000	2,750,000	-8.3%	(250,000)
CHARGES FOR SERVICES					
PLANNING FEES	774,297	800,000	600,000	-25.0%	(200,000)
BUILDING DEPT. FEES	877,060	1,218,000	1,115,000	-8.3%	(101,000)
ENGINEERING FEES	2,012,762	1,800,000	1,270,000	-29.4%	(530,000)
AMBULANCE FEES	1,448,387	1,350,000	1,419,000	5.1%	89,000
RECREATION FEES	1,396,117	1,508,000	1,551,000	2.9%	43,000
OTHER CHARGES OR FEES	1,075,308	1,104,000	1,136,000	2.9%	32,000
TOTAL CHARGES FOR SERVICES	7,583,931	7,778,000	7,091,000	-8.8%	(687,000)
FINES AND FORFEITURES					
	936,406	900,000	926,000	2.9%	26,000
INCOME FROM INVESTMENTS AND PROPERTY*					
	1,476,749	3,010,000	2,960,000	-1.7%	(50,000)
INTERDEPARTMENTAL CHARGES					
	2,604,355	2,600,000	2,700,000	3.9%	100,000
OTHER REVENUE SOURCES					
	1,479,371	1,000,000	750,000	-25.0%	(250,000)
TOTAL GENERAL FUND	92,958,408	99,542,000	104,785,000	5.3%	5,243,000

* Interest is calculated on an amortized cost basis.

**CITY OF CARLSBAD
OPERATING FUNDS
REVENUE ESTIMATES**

REVENUE SOURCE	ACTUAL REVENUE 2003-04	PROJECTED REVENUE 2004-05	ESTIMATED REVENUE 2005-06	AS % OF FY 04-05 PROJECTED	DIFFERENCE 2004-05 TO 2005-06
SPECIAL REVENUE FUNDS					
POLICE ASSET FORFEITURE					
ASSET FORFEITURES	155,974	50,000	50,000	0.0%	0
INTEREST	951	6,500	6,500	0.0%	0
TOTAL	156,925	56,500	56,500	0.0%	0
COPS GRANT					
STATE FUNDING (AB3229)	134,514	140,000	135,000	-3.6%	(5,000)
INTEREST	0	0	0	0.0%	0
TOTAL	134,514	140,000	135,000	-3.6%	(5,000)
POLICE GRANTS					
STATE GRANT	34,408	17,800	0	-100.0%	(17,800)
INTEREST	0	0	0	0.0%	0
TOTAL	34,408	17,800	0	-100.0%	(17,800)
HOUSING - SECTION 8					
FEDERAL GRANT	5,749,584	6,250,735	5,852,088	-6.4%	(398,647)
INTEREST	1,943	2,000	2,000	0.0%	0
TOTAL	5,751,507	6,252,735	5,854,088	-6.4%	(398,647)
HOUSING TRUST FUND					
AFFORDABLE HOUSING FEES	488,590	1,290,000	135,000	-89.5%	(1,155,000)
FEDERAL GRANT	544,503	7,464	5,000	-33.0%	(2,464)
INTEREST	75,996	280,000	250,000	-10.7%	(30,000)
OTHER	4,495,273	1,799,133	0	-100.0%	(1,799,133)
TOTAL	5,604,362	3,376,597	390,000	-88.5%	(2,988,597)
LIBRARY ENDOWMENT FUND					
INTEREST	2,209	7,000	8,000	14.3%	1,000
TOTAL	2,209	7,000	8,000	14.3%	1,000
LIBRARY GIFTS/BEQUESTS					
GIFTS/BEQUESTS	64,597	66,000	43,000	-34.9%	(23,000)
INTEREST	0	2,000	2,000	0.0%	0
TOTAL	64,597	68,000	45,000	-33.8%	(23,000)

**CITY OF CARLSBAD
OPERATING FUNDS
REVENUE ESTIMATES**

REVENUE SOURCE	ACTUAL REVENUE 2003-04	PROJECTED REVENUE 2004-05	ESTIMATED REVENUE 2005-06	AS % OF FY 04-05 PROJECTED	DIFFERENCE 2004-05 TO 2005-06
TREE MAINTENANCE					
TREE MAINTENANCE FEES	461,393	466,672	466,415	-0.1%	(257)
INTERDEPARTMENTAL	127,911	106,000	0	-100.0%	(106,000)
INTEREST	6,881	23,800	19,100	-19.8%	(4,700)
OTHER	1,040	0	0	0.0%	0
TOTAL	597,225	596,472	485,515	-18.6%	(110,957)
MEDIAN MAINTENANCE					
MEDIAN MAINTENANCE FEES	420,019	421,700	411,187	-2.5%	(10,513)
OTHER	34,378	24,497	0	-100.0%	(24,497)
INTEREST	0	458	0	-100.0%	(458)
TOTAL	454,397	446,655	411,187	-7.9%	(35,468)
STREET LIGHTING					
STREET LIGHTING FEES	700,207	713,634	703,160	-1.5%	(10,474)
INTERDEPARTMENTAL	186,215	173,655	172,460	-0.7%	(1,195)
OTHER	7,465	3,212	0	-100.0%	(3,212)
INTEREST	9,401	31,700	29,500	-6.9%	(2,200)
TOTAL	903,288	922,201	905,120	-1.9%	(17,081)
BUENA VISTA CREEK CHNL MAINT					
BUENA VISTA FEES	23	100,000	100,000	0.0%	0
INTEREST	6,699	25,000	27,500	10.0%	2,500
TOTAL	6,722	125,000	127,500	2.0%	2,500
LLD #2					
LLD #2 FEES	0	70,885	127,639	80.1%	56,754
INTEREST	536	325	200	-38.5%	(125)
TOTAL	536	71,210	127,839	79.5%	56,629
ARTS SPECIAL EVENTS					
DONATIONS	21,475	45,000	35,000	-22.2%	(10,000)
INTEREST	0	300	200	-33.3%	(100)
TOTAL	21,475	45,300	35,200	-22.3%	(10,100)
RECREATION DONATIONS					
DONATIONS	33,041	23,800	20,000	-16.0%	(3,800)
INTEREST	633	3,700	2,500	0.0%	0
TOTAL	33,674	27,500	22,500	-18.2%	(5,000)

**CITY OF CARLSBAD
OPERATING FUNDS
REVENUE ESTIMATES**

REVENUE SOURCE	ACTUAL REVENUE 2003-04	PROJECTED REVENUE 2004-05	ESTIMATED REVENUE 2005-06	AS % OF FY 04-05 PROJECTED	DIFFERENCE 2004-05 TO 2005-06
SENIOR DONATIONS					
DONATIONS	19,732	10,000	10,000	0.0%	0
INTEREST	1,581	6,000	6,000	0.0%	0
OTHER	1,473	1,000	1,000	0.0%	0
TOTAL	22,786	17,000	17,000	0.0%	0
CDBG ENTITLEMENT					
FEDERAL GRANT	615,638	626,247	637,549	1.8%	11,302
INTEREST	61,930	0	34,000	0.0%	34,000
OTHER	75,773	0	20,000	0.0%	20,000
TOTAL	753,341	626,247	691,549	10.4%	65,302
COMMUNITY ACTIVITY GRANTS					
MISC INCOME	0	4,700	0	-100.0%	(4,700)
INTEREST	8,133	32,000	30,000	-6.3%	(2,000)
TOTAL	8,133	36,700	30,000	-18.3%	(2,000)
CULTURAL ARTS PROGRAM					
INTEREST	1,729	6,000	7,000	16.7%	1,000
TOTAL	1,729	6,000	7,000	16.7%	1,000
ARTS GENERAL/GALLERY DONATIONS (2)					
DONATIONS	6,924	7,000	0	-100.0%	(7,000)
INTEREST	912	3,000	0	-100.0%	(3,000)
TOTAL	7,836	10,000	0	-100.0%	(10,000)
SISTER CITY DONATIONS (2)					
DONATIONS	500	200	0	-100.0%	(200)
INTEREST	50	0	0	0.0%	0
TOTAL	550	200	0	-100.0%	(200)
TOTAL SPECIAL REVENUE FUNDS	14,560,214	12,849,117	9,348,998	-27.2%	(3,500,119)

**CITY OF CARLSBAD
OPERATING FUNDS
REVENUE ESTIMATES**

REVENUE SOURCE	ACTUAL REVENUE 2003-04	PROJECTED REVENUE 2004-05	ESTIMATED REVENUE 2005-06	AS % OF FY 04-05 PROJECTED	DIFFERENCE 2004-05 TO 2005-06
ENTERPRISE FUNDS					
WATER OPERATIONS					
WATER SALES	13,695,505	13,939,200	14,031,199	0.7%	91,999
READY TO SERVE CHARGES	3,632,556	3,711,019	3,791,177	2.2%	80,158
PROPERTY TAXES	1,843,110	1,935,266	2,032,029	5.0%	96,763
NEW ACCOUNT CHARGES	107,585	104,338	101,208	-3.0%	(3,130)
BACK-FLOW PROGRAM FEES	104,032	108,113	108,235	2.0%	2,122
PENALTY FEES	219,279	250,000	255,000	2.0%	5,000
INTEREST	478,103	470,000	552,423	17.5%	82,423
ENGINEERING OVERHEAD	304,296	375,000	386,250	3.0%	11,250
SERVICE CONNECTION FEES	173,488	168,283	163,235	-3.0%	(5,048)
AGRICULTURAL CREDITS	89,403	85,827	82,394	-4.0%	(3,433)
OTHER	1,129,269	72,500	73,949	2.0%	1,449
TOTAL	21,776,606	21,217,546	21,577,099	1.7%	359,553
RECYCLED WATER					
WATER SALES	1,121,164	1,200,000	1,536,762	28.1%	336,762
READY-TO-SERVE CHARGE	118,134	100,000	128,063	28.1%	28,063
RECYCLED WATER CREDITS	385,298	477,180	696,300	45.9%	219,120
INTEREST	408,966	443,815	68,204	-85.1%	(377,411)
TOTAL	2,033,562	2,220,795	2,427,329	9.3%	206,534
SANITATION OPERATIONS					
SERVICE CHARGES	6,096,801	6,334,000	6,843,212	8.0%	509,212
MISC SEWER	48,966	21,000	21,785	3.7%	785
ENGINEERING OVERHEAD	188,133	150,000	154,500	3.0%	4,500
PENALTY FEES	56,933	63,000	65,355	3.7%	2,355
INTEREST	235,555	202,000	194,283	-3.8%	(7,717)
OTHER	63,389	30,000	0	-100.0%	(30,000)
TOTAL	6,689,777	6,800,000	7,279,135	7.1%	479,135
SOLID WASTE MANAGEMENT					
INTEREST	162,956	165,000	218,057	32.2%	53,057
RECYCLING FEES (AB939)	283,765	275,000	286,000	4.0%	11,000
PENALTY FEES	39,888	40,000	41,600	4.0%	1,600
NON-JURISDICTIONAL FEES	639,775	620,000	0	-100.0%	(620,000)
STATE GRANT	27,509	25,051	0	-100.0%	(25,051)
TRASH SURCHARGE	0	1,400,084	1,550,000	10.7%	149,936
OTHER	0	0	0	0.0%	0
TOTAL	1,153,893	2,525,115	2,095,657	-17.0%	(429,458)
GOLF COURSE					
OTHER	0	15,000	0	-100.0%	(15,000)
INTEREST	16,326	45,000	20,000	-55.6%	(25,000)
TOTAL	16,326	60,000	20,000	(1)	(40,000)
TOTAL ENTERPRISE FUNDS	31,670,164	32,823,456	33,399,220	1.8%	575,764

**CITY OF CARLSBAD
OPERATING FUNDS
REVENUE ESTIMATES**

REVENUE SOURCE	ACTUAL REVENUE 2003-04	PROJECTED REVENUE 2004-05	ESTIMATED REVENUE 2005-06	AS % OF FY 04-05 PROJECTED	DIFFERENCE 2004-05 TO 2005-06
INTERNAL SERVICE FUNDS					
WORKERS' COMP SELF-INSURANCE					
INTEREST	13,725	95,000	95,000	0.0%	0
INTERDEPARTMENTAL	3,250,216	1,999,630	2,200,240	10.0%	200,610
OTHER (OP TRANS IN)	53,368	31,882	0	-100.0%	(31,882)
TOTAL	3,317,309	2,126,512	2,295,240	7.9%	168,728
LIABILITY SELF-INSURANCE					
INTEREST	5,673	40,000	40,000	0.0%	0
INTERDEPARTMENTAL	651,068	1,200,000	1,285,000	7.1%	85,000
OTHER	20,099	15,000	10,000	-33.3%	(5,000)
TOTAL	676,840	1,255,000	1,335,000	6.4%	80,000
HEALTH INSURANCE					
INTEREST	3,287	0	0	0.0%	0
INTERDEPARTMENTAL/REIMB.	2,906,134	850,000	875,000	2.9%	-100.0%
TOTAL	2,909,421	850,000	875,000	2.9%	25,000
RECORDS MANAGEMENT (1)					
INTEREST	0	0	0	0.0%	0
INTERDEPARTMENTAL	923,071	0	0	0.0%	0
OTHER	0	0	0	0.0%	0
TOTAL	923,071	0	0	0.0%	0
VEHICLE MAINTENANCE					
INTERDEPARTMENTAL	1,589,612	1,699,000	1,899,190	11.8%	200,190
OTHER	85,890	23,000	20,000	-13.0%	(3,000)
TOTAL	1,675,502	1,722,000	1,919,190	11.5%	197,190
VEHICLE REPLACEMENT					
INTERDEPARTMENTAL	1,463,766	1,508,000	1,572,080	4.3%	64,080
INTEREST	62,182	200,000	200,000	0.0%	0
OTHER	74,241	4,300	0	-100.0%	(4,300)
TOTAL	1,600,189	1,712,300	1,772,080	3.5%	59,780
INFORMATION TECHNOLOGY					
INTEREST	26,295	106,000	100,000	-5.7%	(6,000)
INTERDEPARTMENTAL	3,888,912	4,144,400	4,050,800	-2.3%	(93,800)
OPERATING TRANSFER IN	620,769	0	0	0.0%	0
TOTAL	4,535,976	4,250,400	4,150,800	-2.4%	(99,800)
TOTAL INTERNAL SERVICE FUNDS	15,638,308	11,916,212	12,347,110	3.6%	430,898

**CITY OF CARLSBAD
OPERATING FUNDS
REVENUE ESTIMATES**

REVENUE SOURCE	ACTUAL REVENUE 2003-04	PROJECTED REVENUE 2004-05	ESTIMATED REVENUE 2005-06	AS % OF FY 04-05 PROJECTED	DIFFERENCE 2004-05 TO 2005-06
REDEVELOPMENT FUNDS					
VILLAGE OPERATIONS / DEBT SERVICE					
RENTAL INCOME	39,434	83,054	83,054	0.0%	0
TAX INCREMENT	1,734,557	1,758,000	1,846,000	5.0%	88,000
INTEREST	20,717	22,000	20,000	-9.1%	(2,000)
OTHER	12,916	20,000	5,000	-75.0%	(15,000)
TOTAL	1,807,824	1,883,054	1,954,054	3.8%	71,000
VILLAGE LOW AND MOD INCOME HSNB					
TAX INCREMENT	433,639	439,500	460,000	4.7%	20,500
INTEREST	100,667	60,000	100,000	66.7%	40,000
TOTAL	534,306	499,500	560,000	12.1%	60,500
SCCRA OPERATIONS / DEBT SERVICE					
TAX INCREMENT	712,273	143,622	0	-100.0%	(143,622)
INTEREST	21,202	25,000	12,000	-52.0%	(13,000)
TOTAL	733,475	168,622	12,000	-92.9%	(156,622)
SCCRA LOW AND MOD INCOME HSNB					
TAX INCREMENT	237,424	47,875	0	-100.0%	(47,875)
INTEREST	4,647	12,500	8,000	-36.0%	(4,500)
TOTAL	242,071	60,375	8,000	-86.8%	(52,375)
TOTAL REDEVELOPMENT FUNDS	3,317,476	2,611,551	2,534,054	-3.0%	(77,497)
TOTAL OPERATING	\$158,144,570	\$159,742,336	\$162,414,382	1.7%	\$ 2,672,046

**CITY OF CARLSBAD
OPERATING FUNDS
BUDGET EXPENDITURE SCHEDULE**

DEPARTMENT	2002-03 ACTUALS	2003-04 ACTUALS	2004-05 ESTIMATED EXPENDITURES	2004-05 ADOPTED BUDGET	%INCR (DEC)	
					2005-06 ADOPTED BUDGET	04-05 BUD TO 05-06 BUD
GENERAL FUND						
POLICY AND LEADERSHIP GROUP						
CITY COUNCIL	273,211	286,353	322,057	332,403	360,861	8.6%
CITY MANAGER	1,023,959	1,129,686	1,314,111	1,228,707	1,333,318	8.5%
COMMUNICATIONS	472,185	595,310	795,810	810,970	937,031	15.5%
CITY CLERK	290,791	269,054	145,177	124,215	122,070	-1.7%
CITY ATTORNEY	880,955	937,889	1,042,762	1,010,674	1,135,883	12.4%
CITY TREASURER	138,606	163,718	157,853	161,684	173,113	7.1%
TOTAL POLICY/LEADERSHIP GROUP	3,079,707	3,382,010	3,777,770	3,668,653	4,062,276	10.7%
ADMINISTRATIVE SERVICES						
ADMINISTRATION	561,950	506,966	610,000	610,743	643,147	5.3%
FINANCE	2,434,193	2,579,645	2,547,800	2,599,435	2,781,202	7.0%
HUMAN RESOURCES	1,336,419	1,475,974	1,915,040	1,983,055	2,195,416	10.7%
RECORDS MANAGEMENT (1)	0	0	763,096	792,656	828,401	4.5%
TOTAL ADMINISTRATIVE SERVICES	4,332,562	4,562,585	5,835,936	5,985,889	6,448,166	7.7%
PUBLIC SAFETY						
POLICE	16,038,113	18,333,703	20,850,000	19,972,533	21,874,208	9.5%
FIRE	11,003,474	12,149,739	12,928,892	13,125,787	13,612,016	3.7%
TOTAL PUBLIC SAFETY	27,041,587	30,483,442	33,778,892	33,098,320	35,486,224	7.2%
COMMUNITY DEVELOPMENT						
COMMUNITY DEVEL ADMIN	512,252	476,278	557,183	528,556	741,849	40.4%
GEOGRAPHIC INFORMATION	260,266	289,161	229,369	296,850	321,692	8.4%
ECONOMIC DEVELOPMENT	177,090	173,827	165,661	185,073	226,517	22.4%
PLANNING	2,989,687	3,505,566	2,969,760	3,415,121	3,246,272	-4.9%
BUILDING	1,658,873	1,622,392	1,496,107	1,906,938	2,031,119	6.5%
TOTAL COMMUNITY DEVELOPMENT	5,598,168	6,067,024	5,418,080	6,332,538	6,567,449	3.7%
COMMUNITY SERVICES						
LIBRARY	7,454,753	7,916,003	8,372,176	8,343,338	8,861,081	6.2%
CULTURAL ARTS PROGRAM	664,409	661,922	776,899	691,099	767,022	11.0%
RECREATION	4,255,580	4,551,325	4,934,000	4,934,953	5,263,482	6.7%
SENIOR PROGRAMS	558,142	586,029	785,137	786,817	884,317	12.4%
TOTAL COMMUNITY SERVICES	12,932,884	13,715,279	14,868,212	14,756,207	15,775,902	6.9%

NOTE: Estimated expenditures may exceed Adopted budget since they include prior year budget appropriations.

(1) Records Management Internal Service fund was dissolved and the program costs were split between the General fund and the Information Technology Internal Service fund in FY05.

(2) Arts General Donation and Sister City Donation funds were dissolved and the program revenue and costs were moved to the Arts General fund.

**CITY OF CARLSBAD
OPERATING FUNDS
BUDGET EXPENDITURE SCHEDULE**

DEPARTMENT	2002-03 ACTUALS	2003-04 ACTUALS	2004-05 ESTIMATED EXPENDITURES	2004-05 ADOPTED BUDGET	%INCR (DEC)	
					2005-06 ADOPTED BUDGET	04-05 BUD TO 05-06 BUD
PUBLIC WORKS						
PUBLIC WORKS ADMIN	757,423	752,433	855,586	869,734	956,235	9.9%
ENGINEERING	5,795,740	5,724,009	6,460,163	6,262,145	6,774,725	8.2%
FACILITIES MAINTENANCE	2,343,468	2,800,154	3,016,250	2,987,015	3,116,747	4.3%
PARK MAINTENANCE	3,127,448	3,434,194	3,660,000	3,557,094	4,437,758	24.8%
STREET MAINTENANCE	2,331,712	2,479,551	2,405,000	2,496,233	2,670,829	7.0%
TRAFFIC SIGNAL MAINT	502,211	577,644	765,000	720,991	828,287	14.9%
TRAILS MAINTENANCE	739	63,796	76,000	76,269	170,968	124.2%
TOTAL PUBLIC WORKS	14,858,741	15,831,781	17,237,999	16,969,481	18,955,549	11.7%
NON-DEPARTMENTAL						
COMMUNITY PROMOTION	406,220	468,135	420,281	509,100	84,670	-83.4%
COMMUNITY CONTRIBUTIONS	21,840	112,000	47,000	0	501,500	-
BEACH PARKING	0	0	0	36,000	36,000	0.0%
HIRING CENTER	83,475	83,084	83,799	85,000	85,000	0.0%
HOSP GROVE PAYMENT	800,000	800,000	800,000	800,000	800,000	0.0%
PROPERTY TAX AND OTHER ADMIN	341,190	357,643	390,000	390,400	420,400	7.7%
DUES & SUBSCRIPTIONS	48,379	43,210	70,000	72,900	73,150	0.3%
INFRASTRUCTURE REPLACE TRANS	3,500,000	3,605,000	3,830,000	3,830,000	4,250,000	11.0%
MANAGEMENT INCENTIVE PAY	0	0	0	580,000	500,000	-13.8%
LEGAL SERVICES	109,900	272,282	50,000	250,000	250,000	0.0%
GOLF COURSE TRANSFER	600,000	0	0	0	0	-
TRANSFER TO CIP	35,000,000	0	800,000	800,000	600,000	-25.0%
TRANS TO STORM WATER PGM	0	0	0	0	0	-
MISC / TRANSFERS OUT	374,361	568,540	40,000	0	0	-
TOTAL NON-DEPARTMENTAL	41,285,365	6,309,894	6,531,080	7,353,400	7,600,720	3.4%
SUBTOTAL GENERAL FUND	109,129,014	80,352,015	87,447,969	88,164,488	94,896,286	7.6%
CONTINGENCIES	0	0	2,300,000	2,300,000	2,300,000	0.0%
TOTAL GENERAL FUND	109,129,014	80,352,015	89,747,969	90,464,488	97,196,286	7.4%

**CITY OF CARLSBAD
OPERATING FUNDS
BUDGET EXPENDITURE SCHEDULE**

			2004-05	2004-05	%INCR (DEC)	
	2002-03	2003-04	ESTIMATED	ADOPTED	2005-06	04-05 BUD
DEPARTMENT	ACTUALS	ACTUALS	EXPENDITURES	BUDGET	ADOPTED	TO
					BUDGET	05-06 BUD
SPECIAL REVENUE FUNDS						
POLICE ASSET FORFEITURE	78,211	65,597	88,795	57,000	89,200	56.5%
COPS FUND	180,153	242,736	211,968	233,710	135,000	-42.2%
POLICE GRANTS	190,411	41,487	88,200	0	0	-
HOUSING SECTION 8	5,019,097	5,724,867	6,409,823	6,042,631	5,980,915	-1.0%
HOUSING TRUST	207,489	2,843,955	3,577,185	256,983	417,983	62.7%
LIBRARY ENDOWMENT FUND	11,850	9,066	10,350	12,000	12,000	0.0%
LIBRARY GIFTS/BEQUESTS	80,327	76,312	62,869	0	0	-
TREE MAINTENANCE	674,596	665,078	872,394	742,682	653,298	-12.0%
MEDIAN MAINTENANCE	536,783	523,055	715,000	701,469	564,612	-19.5%
STREET LIGHTING	934,504	983,443	1,124,073	985,400	1,177,027	19.4%
BUENA VISTA CRK CHNL MNT	88,418	50,431	183,995	171,800	104,600	-39.1%
LLD #2	0	17,124	41,082	28,205	63,571	125.4%
ARTS SPECIAL EVENTS	60,109	47,690	42,652	45,596	37,446	-17.9%
SENIOR DONATIONS	25,425	19,654	6,000	0	170,000	-
CDBG ENTITLEMENT	805,723	713,751	671,404	688,111	637,549	-7.3%
COMMUNITY ACTIVITY GRANTS	95,355	52,745	49,600	50,000	30,000	-40.0%
CULTURAL ARTS PROGRAM	5,174	14,480	15,141	15,000	28,000	86.7%
SISTER CITY DONATIONS (2)	0	0	0	3,400	0	-100.0%
ARTS GALLERY DONATIONS (2)	19,566	1,615	6,000	14,000	0	-100.0%
RECREATION DONATIONS	16,970	4,429	13,000	8,700	22,500	158.6%
TOTAL SPECIAL REVENUE FUNDS	9,030,161	12,097,515	14,189,531	10,056,687	10,123,701	0.7%
ENTERPRISE FUNDS						
WATER OPERATIONS	19,038,158	20,656,334	20,525,157	20,945,004	22,244,186	6.2%
RECYCLED WATER OPERATIONS	1,552,164	1,762,349	2,206,050	1,730,385	2,644,807	52.8%
SANITATION OPERATIONS	6,248,394	7,174,898	7,960,745	6,859,054	7,703,159	12.3%
SOLID WASTE MANAGEMENT	2,511,923	2,263,022	1,635,483	1,784,312	2,295,447	28.6%
GOLF COURSE	93,341	53,917	95,893	230,000	125,000	-45.7%
TOTAL ENTERPRISE FUNDS	29,443,980	31,910,520	32,423,328	31,548,755	35,012,599	11.0%
INTERNAL SERVICE FUNDS						
WORKERS COMP SELF INSURANCE	2,124,381	2,496,721	2,086,026	2,223,498	2,416,866	8.7%
LIABILITY SELF-INSURANCE	1,331,904	1,171,663	1,047,883	1,494,712	1,786,631	19.5%
HEALTH INSURANCE	2,674,714	2,945,620	861,000	1,013,268	941,500	-7.1%
RECORDS MANAGEMENT (1)	905,871	983,010	0	0	0	-
VEHICLE MAINTENANCE	1,644,951	1,904,927	1,860,000	1,889,696	2,069,676	9.5%
VEHICLE REPLACEMENT	1,140,045	1,146,100	828,000	1,808,000	1,995,000	10.3%
INFORMATION TECHNOLOGY	4,082,887	4,273,326	5,400,000	5,010,367	4,682,332	-6.5%
TOTAL INTERNAL SERVICE FUNDS	13,904,753	14,921,367	12,082,909	13,439,541	13,892,005	3.4%

NOTE: Estimated expenditures may exceed Adopted budget since they include prior year budget appropriations.

(1) Records Management Internal Service fund was dissolved and the program costs were split between the General fund and the Information Technology Internal Service fund in FY05.

(2) Arts General Donation and Sister City Donation funds were dissolved and the program revenue and costs were moved to the Arts General fund.

**CITY OF CARLSBAD
OPERATING FUNDS
BUDGET EXPENDITURE SCHEDULE**

DEPARTMENT	2002-03 ACTUALS	2003-04 ACTUALS	2004-05 ESTIMATED EXPENDITURES	2004-05 ADOPTED BUDGET	%INCR (DEC)	
					2005-06 ADOPTED BUDGET	04-05 BUD TO 05-06 BUD
REDEVELOPMENT						
VILLAGE OPERATIONS / DEBT SVC	2,286,766	1,977,189	3,890,472	1,530,922	1,737,357	13.5%
VILLAGE LOW/MOD INCOME HSNG	107,647	51,324	77,746	117,005	94,396	-19.3%
SCCRA OPERATIONS / DEBT SVC	168,527	298,553	528,119	435,526	278,517	-36.1%
SCCRA LOW/MOD INCOME HSNG	16,497	22,661	41,934	54,293	36,917	-32.0%
TOTAL REDEVELOPMENT	2,579,437	2,349,727	4,538,271	2,137,746	2,147,187	0.4%
TOTAL OPERATING FUNDS	164,087,345	141,631,144	152,982,008	147,647,217	158,371,778	7.3%